

Before The
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

FIRST-CLASS MAIL PACKAGE SERVICE (FCPS)
SERVICE STANDARD CHANGES, 2021

Docket No. N2021-2

**NOTICE OF THE UNITED STATES POSTAL SERVICE OF
REVISIONS TO CERTAIN PAGES OF THE REQUEST FOR AN
ADVISORY OPINION, USPS-T-1, USPS-T-2, AND USPS-T-3 -- ERRATA**
(July 2, 2021)

The United States Postal Service hereby provides notice of minor revisions to certain pages of the United States Postal Service Request for an Advisory Opinion on Changes in the Nature of Postal Service (Request) and the testimonies of witnesses Hagenstein (USPS-T-1), Kim (USPS-T-2) and Foti (USPS-T-3), all originally submitted in this docket on June 17, 2021. Copies of the revised pages are attached to this Notice. When the testimonies of each witness are presented for inclusion into the evidentiary record, the revised pages attached to this Notice will be incorporated into those final versions of the testimonies.

While these revisions affect a number of quantitative results reported throughout the testimonies and Request, the changes in most instances are quite minor, and none appear to be qualitatively significant. All of these textual revisions relate to upstream revisions also being submitted today (accompanied by a separate Notice) to public and nonpublic Library Reference associated with

the testimonies of witnesses Hagenstein and Kim. The downstream revisions flow from the correction of three errors.

First, at various places in the Request and in the testimonies of witnesses Hagenstein and Foti, discussion was included to indicate percentages of FCPS volume expected to remain at the same service standard under the proposal, as well as percentage expected to shift to a higher or lower standard. Those percentages were based on a summary table appearing in an Excel file (10_3digit_FCPS_Public.xlsx) included in USPS-LR-N2021-2-4. Because minor errors have been detected in the process by which that summary table was compiled (but not in the underlying data being summarized), necessary revisions to that summary table require corresponding revisions in the discussions of those results as they appear in the Request and the respective testimonies. The revisions being made, however, indicate only minor changes (generally reflecting differences in the volumes shifting between service standard in the range of one percent or less of the total volume).

Second, a similar error was detected in the compilation of the volumes by mode in another Excel file (the Air_Finance_Summary tab of 14_SSD_5D_Vol_Impacts_CONUS_NP.xlsx) in USPS-LR-N2021-2-NP2. Again, minor errors occurred in the process by which that summary table was compiled (but not in the underlying data being summarized), requiring revisions to that summary table and corresponding revisions in the downstream analyses that rely on the summary table outputs. These changes ultimately result in a small reduction in the estimate by witness Kim of expected cost savings.

Third, an inquiry posed on July 1 in Question Two of Presiding Officer's Information Request No. 2 revealed a deficiency in the process by which modeled results were intended to be aggregated with nonmodeled results. Discovery of that flaw required revision to 14_SSD_5D_Vol_Impacts_CONUS_NP.xlsx in USPS-LR-N2021-2-NP2 (and the corresponding public file in LR-4), and then flow into the Library References of witness Kim. These revisions caused a further small reduction in the estimate by witness Kim of expected cost savings. The cumulative effect of correction of this error and the second error discussed above was to reduce total expected cost savings from the \$55 million figure originally presented on page 10 of USPS-T-2 to \$42 million. Also, the additional potential savings opportunities from charter reduction and streamlining the NDC network were revised from \$77-213 million to \$77-214 million as a result of minor impacts to the charter savings figures.

On the attached pages of the Request and the three testimonies, numbers that have been revised are highlighted in gray. Highlighting was not possible for two Figures (Figure One on page 4 of the Request and Figure 7 on page 35 of USPS-T-1), but numbers in those Figures have been revised to match the

shaded numbers in the text.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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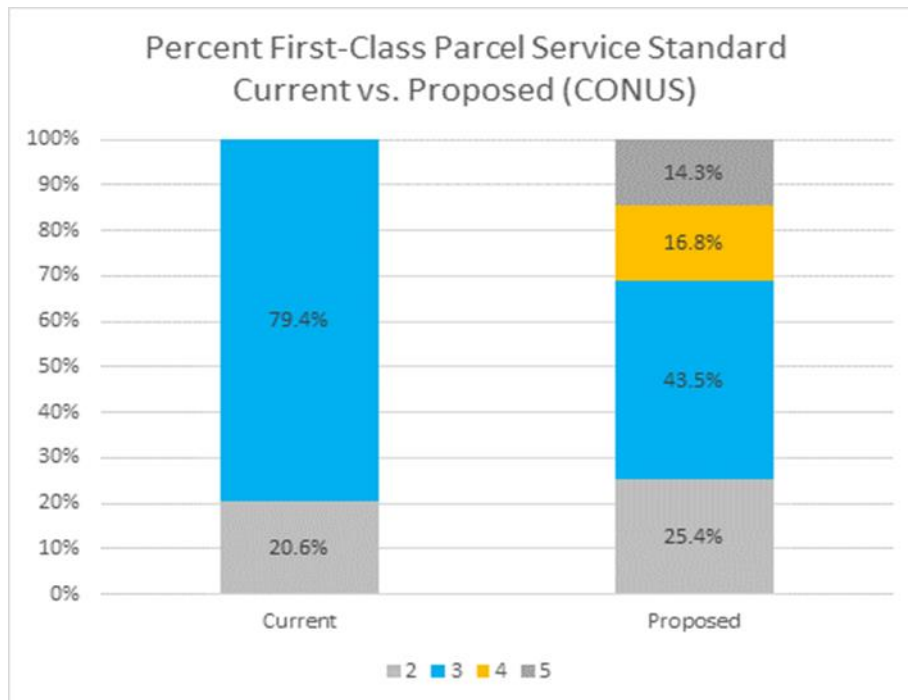
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Revised Pages of Request

The testimony of witness Stephen Hagenstein (USPS-T-1) discusses how modelling projects that current FCPS volume will be affected by the proposed changes to the service standards in the contiguous United States. The percentage of FCPS volume subject to a two-day service standard will increase from 20.6 percent to 25.4 percent. Other FCPS volume, in which the origin and destination are farther apart, will experience longer delivery times. Overall, approximately 68.9 percent of FCPS volume will receive a two- or three-day service under the proposed standards, while approximately 16.8 percent will receive four-day service, and 14.3 percent will receive five-day service. This is shown in the graph below, which is reproduced using information from witness Hagenstein's testimony.

Figure 1: FCPS Volume by Service Standard



Witness Foti concludes that these service changes will not have a material impact on FCPS volumes, although this expectation is conservative because there could be opportunities to increase FCPS volumes over time, as a result of improved service reliability and continued price competitiveness.

Witness Kim's testimony (USPS-T-2) discusses the overall impact of the proposed changes on the Postal Service's financial situation. She relies on the modeling testimony of witness Hagenstein to develop estimates of transportation cost savings, thus reflecting the net financial impact from the initiative. Specifically, witness Kim determines that the proposed service standard changes could generate a net improvement to postal finances of approximately \$42 million on an annual basis, when considering these modeled transportation cost savings and witness Foti's estimate that the initiative will not have a material impact on volume. This figure only considers the additional transportation savings that are generated by the expansion of the transportation window for FCPS in conjunction with First-Class Mail, as compared to the results of only expanding the transportation window for First-Class Mail and end-to-end Periodicals (as presented in Docket No. N2021-1).

Overall, these testimonies demonstrate a number of significant benefits from implementing these service standard changes. The proposed changes would enable much more reliable and consistent service for mailers. They would also result in significant cost savings as quantified by witness Kim due to the creation of a more efficient transportation network. Finally, they would enable further operational benefits in the future which are not encompassed within

witness Kim's above-quoted cost-savings figure. (With respect to transportation alone, she discusses opportunities for further savings in the range of \$77 to \$214 million.) Overall, the service standard changes are a key component of the Postal Service's 10-Year Strategic Plan, entitled *Delivering For America: Our Vision and Ten-Year Plan to Achieve Financial Sustainability and Service Excellence*. As explained in that plan, the Postal Service proposes to amend the service standards as one part of its efforts to promote the Postal Service's long-term sustainability and achieve service excellence.

III. THE INITIATIVE IS IN ACCORDANCE WITH AND CONFORMITY TO STATUTORY POLICIES

The changes to service standards proposed in this docket conform to the policies enshrined in the provisions of title 39, including the broad universal service parameters in sections 101, 403, and 3661(a).¹

The proposed service standard changes enable the Postal Service to better align its service standards with operational capabilities. The current standards require operational practices that make it very difficult for the Postal Service to provide consistent and reliable service, and which lead to high costs. By adopting these service standard changes, the Postal Service will be able to address these problems with the current standards, and provide much more consistent and reliable service for FCPS, including for volume currently subject to

¹ The Commission has opined that competitive products are within the ambit of the universal service obligation. Postal Regulatory Comm'n, Report on Universal Postal Service & the Postal Monopoly (2008), at 25.

Revised Pages of Hagenstein Testimony (USPS-T-1)

1 **IV. PROPOSED CHANGES AND BENEFITS**

2
3 In this section, I discuss more specifically the Postal Service's proposed
4 transportation network changes, FCPS mail processing changes, and service
5 standards, as well as their effects on Postal operations.

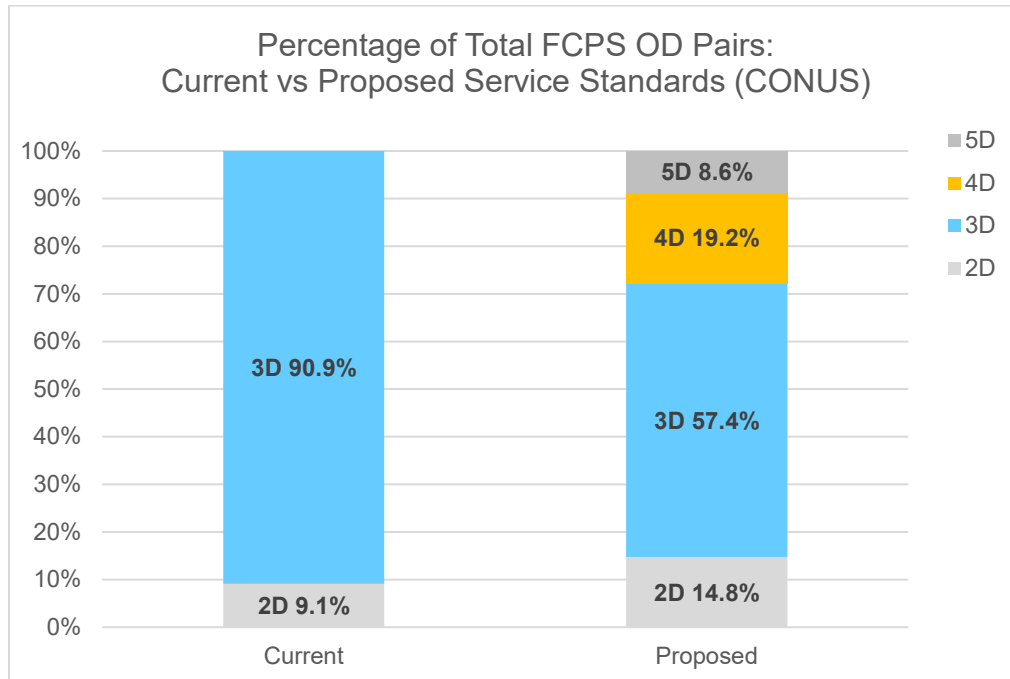
6 **A. Proposed Transportation Changes and Benefits**

7 The Postal Service's proposed changes to FCPS service standards will enable
8 the Postal Service to implement cost-saving and efficiency-improving transportation
9 network changes. Such changes will help the Postal Service achieve a better balance
10 of cost effectiveness and reliability by moving more volume by surface transportation.
11 Further, they will enable the Postal Service to more efficiently utilize surface
12 transportation.¹⁴ This will enable the Postal Service to provide much more reliable and
13 consistent service performance.

14 This proposal will also offer customers expanded reach for the two-day service
15 standard because the business rule for that standard would increase from a six-hour to
16 an eight-hour drive time. This, in turn, would enable almost five percent of FCPS
17 volume to experience a shorter service standard than that currently in place. While this
18 will impact the Postal Service's ability to adopt efficiency-enhancing measures for this
19 volume, it does so only modestly, and the Postal Service has determined that providing
20 an expanded 2-day reach is an important factor in the highly competitive package
21 delivery market. This is discussed further in the testimony of witness Foti.

¹⁴ They may also eventually enable the Postal Service to more effectively consider modes of surface transportation, such as rail, that are arguably underutilized. See *generally* U.S. Postal Serv., RARC-WP-12-013, Strategic Advantages of Moving Mail by Rail (July 16, 2012).

**Figure 5: PERCENTAGE CHANGE IN SERVICE STANDARDS
3-DIGIT OD PAIRS***



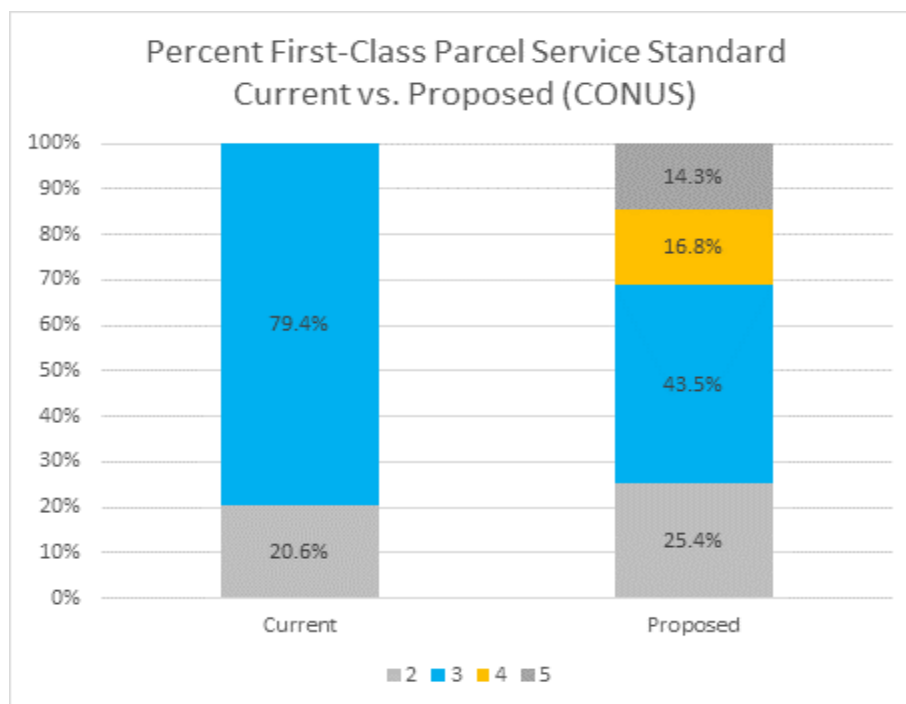
*Includes pairs where origin and destination 3-digit ZIP Codes are the same

In turn, the percentage of FCPS volume subject to a two-day service standard increases from 20.6 percent to 25.4 percent; and the percentage of volume subject to a three-day service standard decreases from 79.4 percent to 43.5 percent. The model projects 16.8 percent of volume to be subject to a four-day service standard; and 14.3 percent of volume to be subject to a five-day service standard. As such, 99.8 percent FCPS presently subject to a two-day service standard would remain as two-day; and 6.1 percent of the three-day volume will be upgraded to two-day. The model projects that 54.7 percent of FCPS presently subject to a three-day service standard would remain as three-day. The following figures reflect these results.

Figure 6: FCPS VOLUME BY SERVICE-STANDARD (CHART)

	PERCENTAGE OF FCP VOLUME SUBJECT TO TWO-, THREE-, FOUR-, AND FIVE-DAY VOLUME	
	CURRENT SERVICE STANDARDS	PROPOSED SERVICE STANDARDS*
TWO-DAY, or less	20.6	25.4 (99.8%)
THREE-DAY	79.4	43.5 (54.7%)
FOUR-DAY	0	16.8
FIVE-DAY	0	14.3

*percentage of volume projected to maintain its present service standard in parenthesis

Figure 7: FCPS VOLUME BY SERVICE-STANDARD (GRAPH)

The model projects that in most circumstances pharmaceutical volume would be less impacted by the proposed service standard changes than other FCPS volume. As shown in USPS-LR-N2021-2-NP2, the percentage of pharmaceutical FCPS volume projected to be subject to a two-day service standard increases; and the percentage of

In turn, the percentage of FCPS volume that is transported via surface is expected to increase from 62.8 percent to 73.3 percent, while the FCPS volume that utilizes air is expected to decrease from 37.2 percent to 26.7 percent. The following figure reflects these results.

Figure 9: PERCENTAGE OF VOLUME BY TRANSPORTATION METHOD

	PERCENTAGE OF FCPS VOLUME* UTILIZING SURFACE VS AIR TRANSPORTATION	
	CURRENT SERVICE STANDARDS	PROPOSED SERVICE STANDARDS
SURFACE TRANSPORTATION	62.8	73.3
AIR TRANSPORTATION	37.2	26.7

* Contiguous US, including turnaround Two-day volume

A focus of the Kim Testimony (USPS-T-2) is the estimated cost savings that result from the shifts in transportation method. Witness Kim states that implementation of the FCPS service standard change in addition to the FCM service standard change would lead to an additional savings of \$42 million. However, the analysis presented in the Kim Testimony cannot be viewed in isolation from the proposed change to FCM service standards. The savings presented here would not be applicable if FCPS service standards were to change while FCM and end-to-end Periodicals service standards remained at current levels. In particular, the more efficient surface routings created by the model are based on an ability to move both FCPS and the mail volume discussed in Docket No. N2021-2 through the surface transportation network. In addition, the other benefits from this change, including the ability to transition the mail processing network to more shape-based processing discussed above and in the 10-year plan, also depends on the service standard changes discussed in Docket No. N2021-1.

1 The Postal Service has utilized appropriate data sources and modeling
2 techniques to assess the proposed changes to the service standards for FCPS and the
3 effects that such changes will have on transportation time and efficiencies in the
4 transportation network. Although a model is not dispositive and should accordingly be
5 considered a decision-support tool, rather than a decision-making tool, the modeling
6 described in my testimony demonstrates that the proposed service changes would lead
7 to more cost-effective and efficient transportation.

8 **VII. THE POSTAL SERVICE HAS CAREFULLY CONSIDERED IMPACTS OF THE**
9 **PROPOSED CHANGES TO RELEVANT STAKEHOLDERS AND MEASURES**
10 **TO MITIGATE THOSE IMPACTS**
11

12 **A. Impact on Customers and Mitigation Measures**
13

14 The proposed changes would impact retail and commercial customers by, in
15 some instances, increasing the amount of time it would take to deliver a package to a
16 recipient. Therefore, for FCPS that must be received by a certain date, shippers would
17 sometimes have to enter the packages into the system earlier than under the previous
18 standards. In order to mitigate any harm from this change, the Postal Service will work
19 to inform retail customers about the service changes, so that they can set appropriate
20 expectations for delivery times. This is discussed in the testimony of witness Foti.

21 The proposed service standard changes would extend the two-day volume from
22 six hours to eight hours drive time, upgrading **almost five** percent of the overall FCPS
23 volume. Sixty-four percent of FCPS volume would maintain its current service standard.
24 For pharmaceutical volume, **13.7** percent of volume would upgrade and **70** percent of
25 volume would be unaffected by the service standard change.

1 The proposed changes in service are intended to promote sustainability and therefore
2 continued universal service. They are the product of close analysis of the Postal
3 Service's projected costs, volumes, and revenues, taking into account the changing mix
4 and magnitude of the mails. Critically, the Postal Service has identified greater cost and
5 service efficiencies through enhanced use of surface transportation options. Its service
6 standards need be aligned to order to enable these changes.

7 At the same time, its standards should also be aligned to improve predictability
8 and reliability, by considering the Postal Service's operational capabilities. Data on
9 service performance from recent years confirms that the standards currently in place
10 have not aligned closely with performance. See USPS-LR-N2021-2-NP2 and Folder
11 NP30 in Docket No. ACR 2020. With the changes proposed in transportation, the
12 Postal Service will be able to significantly improve its service reliability.

13 **B. The Changes Will Have Minimal Impact on Customer Satisfaction and**
14 **the Needs of Postal Customers, Without Any Undue or Unreasonable**
15 **Discrimination**
16

17 The proposed changes will not affect the service standards for most First-Class
18 Package Service volume, while benefiting mail users by enhancing reliability and
19 affordability of service within the lightweight package market. Although certain service
20 standards will increase slightly, others will decrease, and those services will remain
21 quality and adequate services. Furthermore, pharmaceuticals volume will be less
22 affected by the service standard changes than total aggregated FCPS volume: the
23 majority of pharmaceutical volume would be unaffected by the changes, respectively,
24 with 13.7 percent of current three-day pharmaceutical volume upgraded to a two-day
25 service standard.

Revised Pages of Kim Testimony (USPS-T-2)

1 models were litigated in public and transparent proceedings, during which
2 interested parties were welcome to participate, question, and make suggestions
3 regarding the appropriate methodology. This analysis will rely on those
4 established models, which provide a sound economic basis for estimating the
5 expected changes in cost.

6 Additionally, this cost savings analysis will hold constant the volume of
7 mail being transported in order to avoid any confounding effects of introducing
8 volume reductions in addition to operational changes. This aligns with how
9 similar analysis has been conducted in past proceedings.³ An assessment of the
10 potential impact on volume is included in witness Foti's testimony (USPS-T-3).

11 Finally, cost savings will be calculated based on changes in capacity for
12 both First-Class Mail (FCM) and FCPS combined. The resulting savings will be
13 compared to the revised FCM-only savings originally calculated in Witness
14 Whiteman's testimony in Docket No. N2021-1, USPS-T-2, to isolate the
15 additional savings potential resulting from the proposed FCPS change being
16 implemented in addition to the proposed FCM change.

R2000-1 (Jan. 12, 2000), at 1-13 (recounting history of the methodology from before Docket No. R80-1 to Docket No. R97-1).

³ See Direct Testimony of Michael D. Bradley on Behalf of the United States Postal Service (USPS-T-10), PRC Docket No. N2012-1 (Dec. 5, 2011), at 2.

1 Having calculated the percent reduction in air capacity for each carrier,
2 calculating the resulting change in cost is straightforward. As stated above, air
3 transportation costs are, for the most part, fully volume variable.⁶ This means that
4 as capacity requirements change, costs change proportionally. Thus, for each
5 carrier, the percent capacity reduction calculated above is multiplied by the total
6 cost in order to calculate the cost savings that will result from this change in
7 capacity.

8 Lastly, witness Hagenstein projects a range of possible percent capacity
9 reductions in charters. This percent reduction is multiplied by the charter cost in
10 order to calculate the expected savings from charters. Charters were used in FY
11 2020 to mitigate the lack of commercial air capacity availability during the
12 COVID-19 pandemic. However, as witness Hagenstein describes, given the
13 continued high levels of network package volumes, even with commercial air at
14 full capacity, absent the proposed changes in service standards, charters would
15 continue to be required to handle this package volume.

16 A cost savings of \$304 million is expected as a result of the projected
17 reduction in air capacity across all carriers. An additional \$15 to \$98 million is
18 possible as a result of reducing reliance on higher-cost charters. Supporting
19 workbooks containing the calculations described in this section are filed in Library

⁶ Summary Description of USPS Development of Costs by Segments and Components, Fiscal Year 2019 (July 1, 2020), "CS14-19.docx", at 14-3. The exception – payments to FedEx and UPS for failure to meet minimum volume commitments – is treated as an institutional cost and accounts for only a 0.4-percentage point diminution in what is otherwise a 100-percent volume-variability ratio. *Id.* at 14-2, 14-3. Moreover, there is sufficient lead time until implementation to adjust the network appropriately and meet new planned minimums.

estimated in Docket No. RM2014-6, and those variabilities are reproduced in Table 1 below. Multiplying the variability by the capacity change by the baseline cost provides the projected cost savings.

**Table 1: Highway Cost Changes
for Contract Types with Expected Capacity Decreases**

Contract Type	Cost-to-Capacity Variability	Capacity Change	Baseline Cost	Projected Cost Savings
Inter-Cluster	89.1%	-10.7%	\$249 million	\$24 million
Inter-P&DC	85.0%	-4.9%	\$174 million	\$7 million

The total expected savings from decreases in network capacity across these contract types is \$31 million.

These savings will be offset by increases in network capacity in the Inter-Area contracts. Witness Hagenstein projects a capacity increase of 2.1 percent in this contract type. The most recently estimated capacity variability for Inter-Area transportation is 89.9 percent. The expected cost increase is calculated in the same manner described above, and since the capacity change is positive, rather than negative, the result is an increase in cost rather than a cost savings.

**Table 2: Highway Cost Changes
for Contract Types with Expected Capacity Increases**

Contract Type	Cost-to-Capacity Variability	Capacity Change	Baseline Cost	Projected Cost Increase
Inter-Area	89.9%	2.1%	\$1,091 million	\$21 million

In total, an increase in network capacity in the Inter-Area contracts will lead to a cost increase of \$21 million. Combining this increase with the decrease in the

Inter-Cluster and Inter-P&DC accounts leads to a net decrease of \$10 million in purchased highway transportation costs.

Finally, as described by witness Hagenstein, due to the proposed service standard change, there may also be some potential to streamline the NDC transportation network. Based on preliminary estimates, witness Hagenstein projects a 14 to 28 percent reduction in capacity on the Inter-NDC network and a 6 to 8 percent reduction in capacity on the Intra-NDC network. If these preliminary estimates prove valid once more robust modeling efforts are completed, this optimization of the NDC network could result in an additional \$62 to \$116 million in savings.

Table 3: Range of Potential Highway Cost Savings for NDC Network

Contract Type	Cost-to-Capacity Variability	Capacity Change	Baseline Cost	Potential Cost Savings
Lower Range				
Inter-NDC	94.7%	14%	\$367 million	\$49 million
Intra-NDC	94.9%	6%	\$241 million	\$14 million
Upper Range				
Inter-NDC	94.7%	28%	\$367 million	\$97 million
Intra-NDC	94.9%	8%	\$241 million	\$18 million

3. Net Impact on Purchased Transportation Cost

In summary, the proposed change in service standards will lead to a decrease in air capacity requirements and highway capacity requirements. The resulting cost savings from the reduction in air capacity is \$304 million, while the cost savings resulting from the highway capacity changes is \$10 million. In

1 combination, these changes lead to an overall net expected annual savings of
2 \$314 million in purchased transportation.

3 However, as mentioned above, the savings calculated in this analysis are
4 the result of a combined model of both FCM and FCPS service standard
5 changes being implemented together. In order to isolate the additional savings
6 anticipated as a result of the proposed FCPS change, this number should be
7 compared to the cost savings anticipated by the FCM-only service standard
8 change. The revised FCM-only savings is presented in USPS-LR-N2021-2-1 and
9 is calculated as \$272 million. Therefore, implementation of the FCPS service
10 standard change in addition to the FCM service standard change would lead to
11 an additional savings of \$42 million. However, as described in witness
12 Hagenstein's testimony, it should be noted that the analysis presented in this
13 testimony cannot be viewed in isolation from that proposed change. The savings
14 presented here would not be applicable if FCPS service standards were to
15 change while FCM service standards remained at current levels.

16 Finally, witness Hagenstein describes two additional potential areas of
17 opportunity for cost savings: reducing the use of higher-cost charters and
18 streamlining the NDC network. Although these opportunities have not been fully
19 modeled yet, preliminary estimates suggest that they may be worth \$15 to \$98
20 million and \$62 to \$116 million, respectively, in additional savings.

21 II. NET FINANCIAL IMPACT OF INITIATIVE

22 In conclusion, the additional cost savings expected from this initiative,
23 beyond the savings calculated for the FCM initiative described in Docket No.
24 N2021-1, total \$42 million annually. Witness Foti (USPS-T-3) estimates that the

1 initiative will not lead to any loss in volume, so there will be no contribution loss
2 offsetting these operational savings. Therefore, the overall net impact resulting
3 from this initiative is estimated to be \$42 million, with the potential for an
4 additional \$77 to \$214 million from future opportunities in reducing charters and
5 streamlining the NDC network.

Revised Pages of Foti Testimony (USPS-T-3)

1 in e-commerce from the pandemic.⁹ The Postal Service projects that FCPS will continue
2 to show modest growth, driven by its competitiveness in both price and service.¹⁰

3 As described by witness Hagenstein (USPS-T-1), the Postal Service is proposing
4 modifications to current FCPS service standards by integrating FCPS into a more
5 efficient coast-to-coast First-Class Mail (“FCM”) surface network and reducing the use
6 of air transport.¹¹ The changes to the service standards will affect FCPS volumes as
7 follows: approximately 31 percent of FCPS volumes, predominantly in higher shipping
8 zones, will shift from a 3-day service standard to a 4 or 5-day service standard. 64
9 percent of volumes will not experience changes to their service standards and would
10 continue to receive a 2 to 3-day service. In addition, the reach of the 2-day service
11 standard would be expanded. The remaining 5 percent of volumes will upgrade from a
12 3-day service to a 2-day service.

13 These modifications will enable network improvements to enhance our overall
14 on-time delivery and reliability, and meet the Postal Service’s stated goal to achieve 95
15 percent on-time performance.¹² It will also reduce operating costs. My testimony
16 describes the lightweight market landscape and the volume impact that we expect from
17 these proposed service standard changes.

18 **Summary of the Impact of Proposed Service Standard Changes:** First-Class
19 Package Service currently offers the best value proposition of fast delivery times and
20 low prices within the lightweight market. We expect FCPS will continue to show modest

⁹ *Id.*

¹⁰ USPS Fiscal Year 2021 Integrated Financial Plan, p. 4.

¹¹ Direct Testimony of Stephen B. Hagenstein on Behalf of the United States Postal Service (USPS-T-1), PRC Docket No. N2021-2 (June 17, 2021) (hereinafter “Hagenstein Direct Testimony”).

¹² USPS Delivering for America, p. 5.

Key customer segments that use FCPS include marketplaces, pharmaceutical companies, mass merchants, and apparel retailers. Two of our largest FCPS customer segments are online marketplaces and pharmaceutical companies. Marketplaces make multiple products available to shoppers by consolidating merchants on their platform. Marketplaces are a key conduit for small and medium-sized businesses to access our FCPS product. Pharmaceutical companies are another key customer segment that use FCPS to ship packages (generally prescriptions) weighing less than a pound.

D. Proposed Changes to First-Class Package Service Standards

The Postal Service plans to shift portions of First-Class Package Service volumes to an enhanced ground network to improve on-time reliability for our customers and reduce costs in our network. As described by witness Hagenstein (USPS-T-1), the Postal Service proposes that 31 percent of the FCPS volume that currently flies on air will shift to surface transportation. We aim to achieve 95 percent on-time reliability and improve the current reach of 2-day volumes, which aligns with the key customer demand driver of reliable, consistent, on-time delivery, and the importance of regional delivery in today's marketplace. Under this model, approximately 31 percent of current FCPS volumes with a 3-day service standard would have a 4-day or 5-day service standard. Five percent of current FCPS volumes with a 3-day service standard would upgrade to a 2-day service standard. This would leave 64 percent of FCPS volumes with unimpacted service standards.

II. ESTIMATE OF IMPACT ON FIRST-CLASS PACKAGE SERVICE

A. Methodology

To evaluate the impact of changes to FCPS service standards on current users of FCPS – Commercial, the Postal Service retained The Colography Group to conduct